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Security Council Committee established pursuant to resolution 1267 (1999)

Letter dated 23 June 2003 from the Chargé d'affaires a.i. of the Permanent Mission of Venezuela to the United Nations addressed to the Chairman of the Committee

I have the honour to transmit to you, in your capacity as Chairman of the Security Council Committee established pursuant to resolution 1267 (1999), the report submitted by the Government of the Bolivarian Republic of Venezuela pursuant to paragraph 6 of Security Council resolution 1455 (2003) (see annex), which was received by this Permanent Mission on 31 March 2003.

(*Signed*) Adriana **Pulido**
Ambassador
Chargé d'affaires a.i.

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Annex to the letter dated 23 June 2003 from the Chargé d'affaires a.i. of the Permanent Mission of Venezuela to the United Nations addressed to the Chairman of the Committee

Report of Venezuela submitted pursuant to Security Council resolution 1455 (2003)

1. Improvement of the measures imposed by paragraph 4 (b) of resolution 1267 (1999), paragraph 8 (c) of resolution 1333 (2000) and paragraphs 1 and 2 of resolution 1390 (2002).

With regard to the requirements contained in the above-mentioned resolutions, the Bolivarian Republic of Venezuela, as a member of the United Nations and the Organization of American States, has adopted legislative and administrative measures, pursuant to United Nations Security Council resolutions on the elimination of terrorism, for the prevention of money-laundering and financing of terrorism, including activities related therewith and with the legal persons or individuals involved. To that end and in implementation of the measures described in resolution 1390 (2002), the following legislative and administrative measures have been taken.

With regard to legislative measures, Venezuelan law has a series of provisions that provide for procedures and penalties to guard against operations carried out by criminal and/or terrorist organizations; most of those provisions are contained in two legal instruments which govern economic and financial transactions:

(a) Organic Law on Narcotic Drugs and Psychotropic Substances;

(b) General Act on Banks and Other Financial Institutions.

The Organic Law on Narcotic Drugs and Psychotropic Substances requires the Venezuelan financial system to design and develop policies and plans to protect itself against the laundering of proceeds of drug trafficking. In that regard, article 213 requires the national executive branch, through the appropriate agencies, to design and develop an operating plan including preventive measures at the national level to keep the banking and financial system from being used to launder funds and economic assets deriving from the commission of the crimes specified in the Law or from activities related thereto.

The General Act on Banks and Other Financial Institutions, in keeping with the thrust of current national legislation and accepted principles of effective banking supervision, mandates banking practices and procedures that promote high ethical and professional standards to prevent the use of the banking system by criminal organizations. For that purpose, under article 226 of the Act, a National Financial Intelligence Unit (UNIF) was created within the functional structure of the Office of the Superintendent of Banks and Other Financial Institutions (SBIF). The Unit functions as a central clearing house; it receives, analyses and classifies reports of suspicious activities submitted by the institutions, firms and individuals subject to its supervision and forwards them to the Public Prosecutor's Office. In addition, it gathers financial information (both objective and subjective) on suspicious activities to assist the criminal investigation authorities.

Furthermore, the General Act on Banks and Other Financial Institutions provides for an exception to the general principle that requires financial institutions to maintain banking secrecy. To that end, it states that banking secrecy may not be cited as a reason for refusing requests for information from the Office of the Superintendent of Banks and Other Financial Institutions in the exercise of its functions.

The following administrative measures for the freezing of funds and other financial assets or economic resources belonging to individuals, groups, undertakings and entities included in the list referred to in paragraph 2 of resolution 1390 (2002) have been adopted:

(a) Resolution No. 185-01 issued by the Office of the Superintendent of Banks and Other Financial Institutions;

(b) Circular No. SBIF-UNIF-DPC-0563 from the Office of the Superintendent of Banks and Other Financial Institutions;

(c) Circular No. SBIF-UNIF-DPC7961 of 23 September 2002.

Resolution No. 185-01 of 12 September 2001 (rules applicable to entities regulated by the Office of the Superintendent of Banks and Other Financial Institutions on the prevention, control and inspection of money-laundering operations) requires the institution of modern mechanisms for monitoring and controlling the flow of funds, since the entities regulated by the Office of the Superintendent of Banks and Other Financial Institutions may be used by persons engaging in illegal activities. According to the resolution, it is the responsibility of the Republic and of the stockholders, administrators, directors and staff of the regulated entities to prevent the entities from being used as intermediaries for money-laundering. To that end, they are required to set up information and electronic data-processing systems and control procedures aimed at detecting operations that involve the laundering of funds deriving from illegal activities and to assemble the necessary records for reporting to the competent authorities.

Financial institutions, registries and public notaries are required to report to the criminal investigation authorities all banking transactions that are unusual or that exceed set amounts of national or potentially suspicious foreign currency. Within the Scientific, Criminal and Forensic Investigation Force an investigative unit called the Anti-Money-Laundering Division has been set up to be responsible for financial follow-up of all such unusual banking transactions.

In addition, the Office of the Superintendent of Banks and Other Financial Institutions issued circular No. SBIF-UNIF-DPC-0563 instructing financial institutions about their obligation to report operations that they find or suspect are related to the laundering of funds deriving from activities connected with organized crime or intended for the financing of terrorism. Circular No. SBIF-UNIF-DPC7961 of 23 September 2002 requires financial institutions supervised by the National Financial Intelligence Unit to report to that Unit any transaction or activity suspected of being linked to the activities of organized criminal groups or structured groups defined in the Act Approving the United Nations Convention against Transnational Organized Crime, published in *Gaceta Oficial* No. 37.357 of 4 January 2002.

In that connection, the Office of the Superintendent of Banks, through the intermediary of the National Financial Intelligence Unit, has carried out the following preventive actions within the framework of the fight against terrorism:

- Tracking the relations with the financial system of individuals and legal persons included in lists of terrorists or persons suspected of terrorism or of activities directly or indirectly linked to drug trafficking;
- Collecting financial data in order to identify fund-raising organizations and study and monitor the flow of funds;
- Forecasting, enhancing the capacity to predict trends and patterns;
- Exchanging information with the Financial Intelligence Units of the 96 member countries of the Egmont Group, by means of which over 900 requests for persons allegedly connected with terrorist activities and their financing have been processed. The Federal Bureau of Investigation (FBI), the Financial Crimes Enforcement Network (FinCEN) and the United States Embassy in Caracas are also involved in the exchange of information.

At the international level, Venezuela has signed and ratified a number of conventions and treaties on the suppression of the financing of terrorism:

- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, published in *Gaceta Oficial* No. 34.741 of 21 June 1991;
- United Nations Convention against Transnational Organized Crime, published in the *Gaceta Oficial* No. 37.357 of 4 January 2002;
- International Convention for the Suppression of the Financing of Terrorism, approved in second reading on 11 September 2002.

Furthermore, the current session of the National Assembly is considering a draft law against organized crime, approved in second reading, and a draft special law against terrorist acts, approved in first reading, which specifically define the crime of terrorism, suppress actions aimed at the financing of terrorism and punish the individuals involved, whether they are authors, accomplices or accessories.

With regard to measures adopted to prevent the entry into or transit through Venezuelan territory of persons referred to in the list mentioned in paragraph 2 of Security Council resolution 1390 (2002), Venezuela strengthened control measures after 11 September 2001 in order to prevent the entry into the country of individuals identified by international intelligence agencies as being suspected of, responsible for or accomplices to terrorist activities. Thus, pursuant to Security Council resolution 1390 (2002), the relevant measures have been implemented: information on individuals and assets is being processed and reciprocal cooperation in the area of intelligence is being maintained with various countries. Security systems at ports, airports and border crossing points have also been reinforced.

A network for coordination among all State security bodies has been created in order to safeguard border areas and the national territory and there is an ongoing exchange of information between those bodies and other police organizations at the international level through the International Police (Interpol) Division with a view to verifying the identity of all persons under investigation for any reason.

At the national level, border controls have been reinforced at all international ports and airports, including more careful inspection of the documentation of all foreign nationals wishing to enter or leave the country.

Venezuela is adopting measures to strengthen its national identification system with a view to preventing the fraudulent use of travel and identity documents. To that end, security systems have been installed at airports, as well as equipment to examine identity documents in order to detect any anomaly that would show they were forged. In that context, a project has been approved for replacing the current national identity card with a new card that will have a number of security features to prevent forgery. With regard to passports, the General Identification and Immigration Directorate has developed a project for replacing passports with new ones that meet international security standards.

Interdisciplinary groups have also been created to carry out intelligence work at the national level, in order to evaluate, analyse and process any information that might be obtained on foreign nationals or Venezuelans and that might point in some way to irregular activities in the country, so that such individuals are identified fully and their financial transactions, movements and activities monitored.

With the support of the United Nations, Venezuela is carrying out a project to modernize its customs operations, beginning with maritime customs in La Guaira, with a view to optimizing customs controls at its borders and preventing international trafficking in arms, ammunition, explosives and drugs. Furthermore, the soon to be adopted draft law on the national police provides for the establishment of an airport police unit, which will facilitate the identification of all persons entering or leaving the country and will cooperate closely with other State security bodies.

In the area of legislation, article 2 (11) of the Act on the Scientific, Criminal and Forensic Investigation Force provides that its responsibilities include cooperating with other public security bodies in the establishment of crime prevention centres and the organization of monitoring systems or criminological databases for information-sharing among intelligence services in the areas of drug trafficking, international terrorism, disappearances of persons, illicit capital movements, organized crime and other offences. Article 2 (5) states that the Force is responsible for assisting the General Identification and Immigration Directorate as needed and for cooperating in identifying, locating and apprehending foreign nationals requested by other countries.

2. Requirement to provide the names and identity data of individuals, groups, undertakings and entities that have been arrested or detained because there are reasonable grounds to believe that they are members of the al-Qa`idah organization or the Taliban or are associated with them.

The International Police (Interpol)[1] Division has reported that there are no records of names or identity data of individuals, groups, undertakings or entities associated with members of the al-Qa`idah terrorist organization currently domiciled in the country and that, to date, no individuals, groups or undertakings have been

[1] According to letter No. 661 of 18 March 2003 from the International Police (Interpol) Division of the Scientific, Criminal and Forensic Investigation Force, annexed to this document.

arrested because there are reasonable grounds to believe that they are be members of or associated with the al-Qa`idah terrorist organization or the Taliban.

3. Names of individuals, undertakings and entities whose accounts have been frozen because they belong to the al-Qa`idah organization or the Taliban.

The National Financial Intelligence Unit[2] has reported that, to date, no bank accounts of individuals associated with the al-Qa`idah terrorist network have been seized or frozen; the financial institutions under its supervision have indicated that they have no commercial or financial relations with the individuals and organizations mentioned in the various lists issued in that regard.

4. Changes to or updating of legislation or procedures which could affect the implementation of Security Council resolution 1267 (1999).

It is important to mention that the national network against money-laundering has made great efforts to develop and implement a strategic operating plan for the prevention, monitoring, control and suppression of the serious crime of laundering funds deriving from illicit drug trafficking, corruption and terrorism.

Under this plan, the network will adopt the following strategies:

- Promoting legislative and administrative initiatives to strengthen the existing juridical framework in the area of the prevention, control and monitoring of money-laundering;
- Strengthening existing mechanisms with a view to preventing the use of the economic system by criminal organizations;
- Establishing monitoring mechanisms to regulate the flow of cash entering or leaving the country;
- Establishing suitable mechanisms for coordination and cooperation among the various public and private entities at the national and international level, with a view to combating the crime of money-laundering.

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[2] According to letter No. 02181 of 25 February 2003 from the National Financial Intelligence Unit (UNIF), annexed to this document.